

Message Text

CONFIDENTIAL

PAGE 01 MAPUTO 00485 031901Z

ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 ERDA-05
AID-05 CEA-01 COME-00 EPG-02 EB-07 FEAE-00 FPC-01
INT-05 OMB-01 OES-07 STR-04 TRSE-00 ACDA-07
FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /120 W
-----031904Z 113883 /46

O 031400Z MAY 77

FM AMEMBASSY MAPUTO

TO SECSTATE WASHDC IMMEDIATE 5731

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY LUSAKA

AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BUCHAREST

AMEMBASSY LISBON

C O N F I D E N T I A L MAPUTO 0485

CAPE TOWN FOR EMBASSY

E.O. 11652: GDS

TAGS: PFOR, MZ

SUBJECT: MOZAMBIQUE GOVERNMENT NATIONALIZES COUNTRY'S LARGEST
OIL COMPANY

BEGIN UNCLASSIFIED

1. SUMMARY: MOZAMBIQUE GOVERNMENT NATIONALIZES SONAREP-SONAP,
MOZAMBIQUE'S LARGEST OIL COMPANY. COMPENSATION TO BE PAID.
NEW STATE-OWNED OIL COMPANY TO BE ESTABLISHED WITH ROMANIANS
PROVIDING TECHNICAL AND MANAGERIAL ASSISTANCE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MAPUTO 00485 031901Z

WM IN SWIFT UNANNOUNCED MOVE THE MOZAMBIQUE GOVERNMENT
NATIONALIZED SONAREP (SOCIEDADE NACIONAL DE REFINACAO DE
PETROLEOS) AND SONAP (SOCIEDADE NACIONAL DE PETROLEOS) ON
MAY 2. BOTH COMPANIES ARE OWNED BY THE SAME INTERESTS, WITH
SONAREP RESPONSIBLE FOR RUNNING MOZAMBIQUE'S ONLY OIL REFINERY
AND SONAP RESPONSIBLE FOR COMPANY'S RETAIL OIL SALES.

3. ACCORDING TO COMAPNY OFFICIALS WHO SPOKE WITH EMBOFFS, MOZAMBIQUE POLICE ARRIVED AT THE SONAREP REFINERY (WHICH IS ALSO HEADQUARTERS FOR SONAP) AT ABOUT 1100 HOURS ON MAY 2 AND ORDERED COMPANY MANAGERS TO STOP OPERATIONS AND SIGN NUMBER OF DOCUMENTS RELATED TO FINANCIAL AND OPERATING STATUS OF REFINERY AND SONAP RETAIL OUTLETS. APPROXIMATELY ONE HOUR LATER MINISTER OF DEVELOPMENT MARCELINO DOS SANTOS (FRELIIMO'S NUMBER TWO IN COMMAND) AND MINISTER OF STATE IN THE OFFICE OF THE PRESIDENCY OSCAR MONTEIRO ARRIVED AT THE FACTORY TO ADDRESS GENERAL MEETING OF WORKERS AND TO FORMALLY TAKE OVER FACTORY IN THE NAME OF FRELIIMO, THE MOZAMBIQUE GOVERNMENT AND THE WORKERS AND THE PEASANTS OF MOZAMBIQUE.

4. IN HIS SPEECH, DOS SANTOS DECLARED THAT THE NATIONALIZATION OF THE SONAREP-SONAP IS CONSISTENT WITH THE ECONOMIC RESOLUTIONS OF FRELIIMO'S THIRD PARTY CONGRESS AND "IS THE BEGINNING OF THE INTENSIFICATION OF THE STRUGGLE FOR ECONOMIC INDEPENDENCE." AT CONCLUSION OF MEETING, DOS SANTOS WARNED THE WORKERS THAT THE ENEMIES OF THE PEOPLE "WILL NOT BE SATISFIED WITH THIS MEASURE" AND URGED THEM TO REMAIN VIGILANT AGAINST DESTRUCTIVE MANEUVERS AND ECONOMIC SABOTAGE.

5. LOCAL PRESS MAY 3 ANNOUNCED THAT THE DECISION TO NATIONALIZE SONAREP-SONAP WAS TAKEN BY THE MOZAMBIQUE COUNCIL OF MINISTERS AND THAT A DECREE CONCERNING THE TAKE OVER WOULD BE PUBLISHED SHORTLY. DECREE REPORTEDLY CALLS FOR COMPENSATION TO BE PAID TO THE OWNERS OF SONAREP-SONAP AND THE CREATION OF A NEW STATE-OWNED OIL COMPANY (PETROMOC - PETROLEUM MOZAMBIQUE).

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MAPUTO 00485 031901Z

END UNCLASSIFIED

BEGIN CONFIDENTIAL

6. COMMENT: SONAREP-SONAP WA MOZAMBIQUE'S MOST IMPORTANT OIL COMPANY. IT OWNED THE COUNTRY'S ONLY OIL REFINERY AND HELD 40 PERCENT OF THE COUNTRY'S COMMERCIAL PETROLEUM SALES MARKET. ALTHOUGH A BRITISH COMPANY (COPAS INTERNATIONAL) HAD BEEN RUNNING THE SONAREP-SONAP UNDER A MANAGEMENT CONTRACT SINCE 1975, OWNERSHIP OF THE COMPANY WAS DIVIDED BETWEEN PORTUGUESE BUSINESSMAN MANUEL BULHOSA (52 PERCENT), THE FRENCH OWNED CIE FRANCAISE DES PETROLES (23 PERCENT) AND THE MOZAMBIQUE GOVERNMENT (25 PERCENT).

7. MANY PEOPLE HAVE BEEN EXPECTING THE NATIONALIZATION OF THE SONAREP REFINERY AND SONAP OUTLETS FOR SOME TIME (SEE MAPUTO 34). FOR PAST TWO YEARS SONAP HAS BEEN PLAGUED BY SERIOUS FINANCIAL PROBLEMS AND LOSS OF SOME KEY PERSONNEL. LOCAL MANAGERS OF THE CALTEX AND SHELL-BP TOLD EMBOFF THEY DO NOT EXPECT THAT THEIR

COMPANIES WILL BE NATIONALIZED, ALTHOUGH THEY EXPECT THAT THE GOVERNMENT'S OIL AND PRICING POLICIES COULD LEAD TO A STEADY CONTRACTION OF THEIR BUSINESS AND EVENTUALLY FORCE THEM TO CLOSE SHOP HERE. THIS PROCESS, THEY BELIEVED, WOULD TAKE SEVERAL YEARS OR MORE.

8. THE GOVERNMENT OF MOZAMBIQUE'S NEW PETROLEUM COMPANY (PETROMOC - PETROLEUM MOZAMBIQUE) WILL BE RUN LARGELY BY ROMANIANS. A CONTINGENT OF APPROXIMATELY 14 ROMANIANS ARRIVED IN MAPUTO LAST WEEK TO ASSUME MANAGERIAL AND TECHNICAL POSITIONS IN THE NEW COMPANY. SIXTEEN MORE ARE EXPECTED WITHIN 30 DAYS. THE 35 BRITISH AND FRENCH PERSONNEL CURRENTLY RUNNING SONAREP AND SONAP ARE ALL EXPECTED TO DEPART WITHIN 30 DAYS.
DE PREE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NATIONALIZATION
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MAPUTO00485
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770155-0114
Format: TEL
From: MAPUTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197705100/aaaadiky.tel
Line Count: 130
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6ebf5087-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2318383
Secure: OPEN
Status: NATIVE
Subject: MOZAMBIQUE GOVERNMENT NATIONALIZES COUNTRY'S LARGEST OIL COMPANY BEGIN UNCLASSIFIED
TAGS: PFOR, MZ, SONAREP, SONAP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6ebf5087-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009